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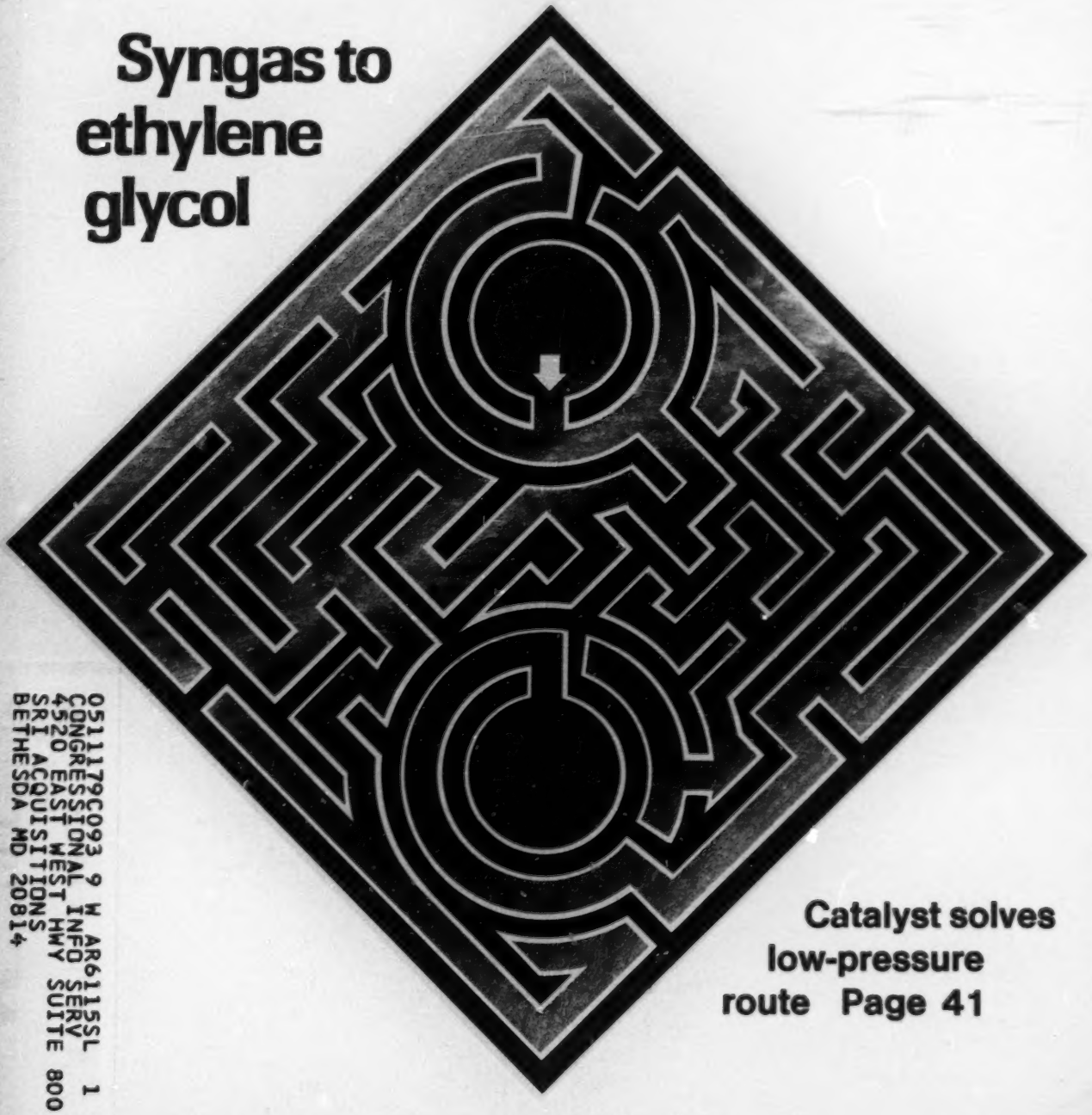
CHEMICAL & ENGINEERING

NEWS

Chemical industry fights maturity Page 11

Syngas to ethylene glycol



Catalyst solves low-pressure route Page 41

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■ **Du Pont will seek court review of unfavorable FTC ruling in price signaling case.** Page 6

■ **Opposition to increased defense spending gains support from chemical executives.** Page 7

■ **Acid spill in Denver controlled with soda ash.** Page 7

■ **On-line service now available for 18 ACS research journals.** Page 7

■ **GAF introduces first polymer coating to clean rust and scale from metal surfaces.** Page 8

■ **More study needed on payment to victims of toxic waste, says chemical makers group.** Page 8

Business

A maturing chemical industry still shows promise for short-term growth, but long-term prospects will need a boost. **Page 11**

International

Canada's chemical producers, beginning to see signs of recovery, still must cope with the feedstock pricing problem. **Page 16**

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U.S. position on acid rain control is blamed for setbacks in U.S.-Canadian containment of environmental pollution. **Page 20**

House Budget Committee views R&D in favorable light; funding levels frozen or increased for science agencies. **Page 23**

Science

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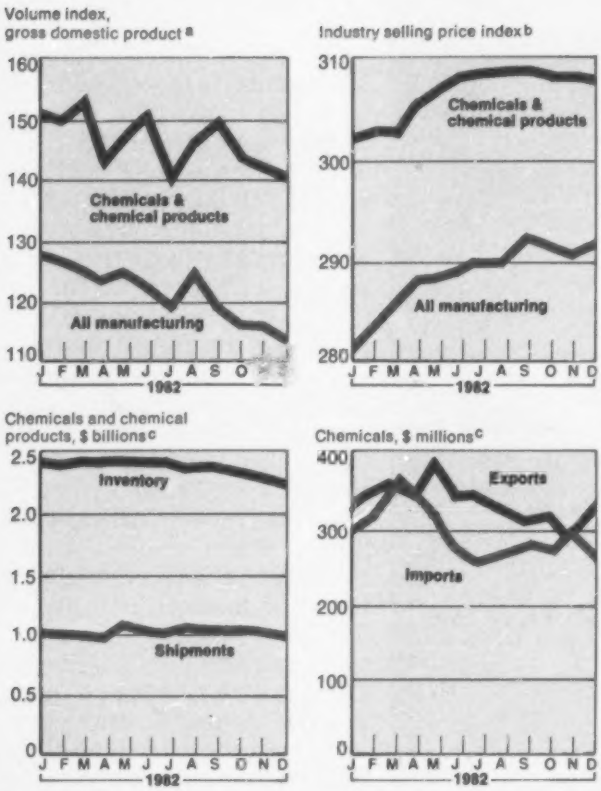
Cover Story

Two new catalytic routes to ethylene glycol start from synthesis gas and formaldehyde. **Page 41**

Canadian Chemicals See Recovery



a Seasonally adjusted, 1971 = 100. b 1971 = 100. c Canadian dollars.
Source: Statistics Canada

Canadian chemical output: hoping for better

Production, thousands of metric tons	1982	1981	1980	% change 1981–82
ORGANICS				
Ethylene	1013	1330	1196	−23.8%
Propylene	618	671	594	−7.9
Benzene	504	572	560	−11.9
Toluene	470	480	470	−2.1
Xylene	396	409	403	−3.2
PLASTICS				
Polyethylene, low density	376	410	439	−8.3
Polyethylene, high density	195	223	202	−12.6
Polyvinyl chloride	194	222	190	−12.6
INORGANICS				
Nitric acid	977	1158	712	−15.6
Phosphoric acid[a]	503	744	808	−32.4
Sulfuric acid	3131	4117	4295	−24.0
Ammonia, anhydrous	2509	2654	2555	−5.5
Ammonium phosphate	888	1355	1466	−34.5
Chlorine	1230	1292	1303	−4.6
Sodium hydroxide	1367	1458	1459	−6.2

a 100% P_2O_5. **Source:** Statistics Canada

Signs of economic recovery are sprouting in Canada. This has to be good news for Canada's beleaguered chemical industry, which crawled out of 1982 dripping in red ink.

The big questions now on the minds of most Canadian chemical executives are how strong a recovery will the economy stage and, even if it is as strong as many forecasters predict, will that be enough to put the industry back solidly into the black?

Unfortunately, the Canadian chemical industry, particularly the petrochemical segment, still has to contend with its exasperating feedstock pricing problem. Because of the government's inflexible energy pricing policies, Canadian feedstock costs were rising last year at the same time that they were falling almost everywhere else.

For an industry that depends heavily on exports and upon a competitive edge in feedstock costs to sustain those exports, that is an intolerable situation. And last month's $5.00 drop in OPEC benchmark prices only complicates the Canadian petrochemical feedstock pricing situation even more.

The ball is in the politicians' court—those in Ottawa and those in Alberta. The 1981 agreement between the federal government and Alberta that established energy pricing policies came only after long and often bitter negotiations. Scrapping that agreement and devising a replacement will be equally tough, but that's what might have to be done. However it's done, there's a general consensus in Canada that energy prices have to come down.

While the chemical industry keeps one eye on energy pricing developments, it will keep its other eye on the economy. And what happens to the Canadian economy depends in no small measure on what happens to the U.S. economy. About two thirds of all Canadian exports end up in the U.S. For chemicals, the figure was 63% last year.

Early in the forecasting season, economists were saying that real growth in Canada's gross national product would be about 1 to 2%. Now some are daring to go as high as a 4% gain, compared to a 4.8% drop last year. One big reason: The better-than-expected performance of the U.S. economy in the first quarter is pulling Canadian economic fortunes upward with it.

If the U.S. economy remains buoyant and if it manages to act as a locomotive for other countries, it could have a significant bearing on Canadian chemical operations. That's because the more widespread the economic upturn, the better the prospects for Canadian chemical exports will be.

Canadian chemical exports fell 12% last year to just over $4 billion (Canadian). Nothing would help the industry more than to get those exports higher this year.

Earl Anderson, New York

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